

## APPENDIX 19: Business Plan Requirements

A business plan is essential in starting a business, improving a business, or raising capital, and is a detailed view of the business. A Sample Business Plan is found in this Appendix. Low-cost assistance and training in preparing a business plan is available from Small Business Development Centers (SBDC) located throughout the United States.

Although a complete business plan as found in this Appendix is recommended, the minimum requirements for the Business Plan are as follows:

1. Documentation of Business, Company, or Organization
2. Narrative Description of Who Will Perform Work
3. Description of Business Experience and Past Performance Evaluations
4. Financial Resources (Financial Statement, Form FS-6500-24, and Request for Verification, Form FS-6500-25).
5. Payment History/Credit References
6. Cash Flow Projection for The First Three Years of Operation
7. Income Projection by Month For the First Three Years of Operation
8. Estimated Fee to the Government

Additional requirements for the Business Plan are specified below:

### **DOCUMENTATION OF BUSINESS, COMPANY, OR ORGANIZATION**

Applicants should include information about the business organization and organizational structure, i.e., organization and/or individual name, mailing address, designated agent, evidence of incorporation and good standing, and name and address of each affiliate of the applicant.

Applicants that are limited-liability companies should provide the names and interests of the company's principals.

Should the applicant not be incorporated in the state where the concession is located, the applicant must submit a license to do business in that state.

### **NARRATIVE DESCRIPTION OF WHO WILL PERFORM THE WORK**

Applicants should specify whether the applicant will perform the operation-and-maintenance work, or if a third party will be used. Should a third party be used, identify the entity to be used, its address, and the individual who will be responsible for any of the operational aspects of the concession, and describe his/her relevant experience.

### **DESCRIPTION OF BUSINESS EXPERIENCE AND PAST PERFORMANCE EVALUATIONS**

Applicants should furnish a detailed description of their experience as it relates to operating and maintaining recreation sites (i.e., campgrounds, beaches, etc.). The description should include

experience in private business, public service, or any nonprofit or other related enterprises. For each business venture, include the following information:

- The dates for the business experience
- The location of the business
- A description of services provided
- A description of customers served
- The number of employees supervised
- The volume of business

**Applicants who have experience in managing Forest Service (FS) or other Government campgrounds MUST provide copies of annual written performance evaluations for the most recent three years of operation under each special use permit held. If a written performance appraisal was not given, this fact must be stated.**

Applicants should also furnish three business references, with the names, addresses, and telephone numbers in support of applicable business experience.

### **FINANCIAL RESOURCES**

Any financial information submitted by applicants should conform to generally accepted accounting principles or other comprehensive bases of accounting. Any previously prepared financial documents that are submitted should be unredacted and in their original form, including footnotes.

The business plan and all financial information and projections are confidential information, and may not be released by the FS, to the extent allowed in the Freedom of Information and Privacy Act, 5 U.S.C. 552 and 552a, respectively.

In order to assess the technical and financial capability [(36 CFR 251.54 (e)(3))] of the applicant, the following are required:

#### **Financial Statement**

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Detailed financial statements must be submitted for the corporation, general or limited partnership, limited liability Company, or sole proprietorship submitting a proposal. Form FS-6500-24 is included Appendix and is a recommended format.

Applicants should submit a complete set of financial statements (audited, reviewed, or compiled by a CPA) for the last three fiscal years. If the financial statements were compiled by a CPA, applicants must complete parts (D)(1) or (D)(2) of Form FS-6500-24, "Financial Statement", to provide *notarized certification* as to being true and correct.

In the event that the above CPA-prepared financial statements do not exist for any of the last three fiscal years, applicants must provide a completed and notarized Form FS-6500-24 for any fiscal year they were in business during that three-year period. Limited-liability companies need to list the name of the company in Block 1 and the names and interests of the principals in Block 5, and complete the certification in Part (D)(1) of FS-6500-24.

Applicants who have not been in business for the last three fiscal years, and therefore cannot submit required financial statements or an FS-6500-24, must submit two fiscal years of projected financial

statements, compiled by a CPA using the forecast method. Applicants must complete Part (D) of Form FS-6500-24 “Financial Statement”, to provide *notarized certification* that the projected financial statements are true and correct.

#### **Request for Verification**

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Applicants must show they have 25 percent of the first year's operating costs in liquid assets. Liquid assets are those that can be readily converted to cash.

Applicants must complete Form FS-6500-25 (Request for Verification, included in Appendix) and submit it with their business plan. They should complete Blocks 1 through 5 of the form and send a copy to each financial institution with which they do business, in order for them to complete Blocks 6 through 15 of the form. The financial institution(s) should mail the completed forms to:

**Mark Twain National Forest  
ATTN: Karen Mobley  
401 Fairgrounds Road  
Rolla, MO 65401**

#### **PAYMENT HISTORY / CREDIT REFERENCES**

Financial ability evaluation will also include payment history. Payment history will take into account record of payments of fees to the Government for those who have permits previous to this bid or who have other business transactions with the Government and known to the evaluators. Documentation provided by the applicant reflecting payment history in other businesses or credit reports will also be considered. **If applicant has a clear payment record and no known adverse items have occurred in the last five years, applicant should attest to this clear record.** The best evaluation of payment history will result for applicants with positive payment history who also attest to that record. A known poor payment record not addressed as to corrective action or mitigating circumstances will detract from the ranking.

#### **CASH FLOW PROJECTION FOR THE FIRST THREE YEARS OF OPERATION**

The cash flow projection should include an estimate of the cost of operating the recreation sites. It should also include all interim and permanent sources of funds. An example of a monthly cash flow projection can be found in this Appendix.

#### **INCOME PROJECTION FOR THE FIRST THREE YEARS OF OPERATION**

An example of a monthly income projection can be found in this Appendix.

#### **ESTIMATED FEE TO THE GOVERNMENT**

The applicant's business plan must state the expected annual adjusted gross revenue for the first year of operation (by campground), and for subsequent years (consolidated) of the permit (ten-year projection), and the expected fee to Government for each year. The minimum fee is outlined in the Introduction, “Minimum Annual Permit Fee” (page 2). The fee to be offered should be expressed as a percentage of adjusted gross revenue, using the format found in Appendix 9, Operating proposal Format. The offered fee should equal or exceed the minimum fee.



APPENDIX 19, cont...

## **A Sample Business Plan**

Region 9

Mark Twain National Forest

USDA Forest Service



Name of Company \_\_\_\_\_

Address \_\_\_\_\_

Company Contact \_\_\_\_\_

Phone \_\_\_\_\_

Business Plan in Response to the Prospectus for:

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Recreation Area

on the Mark Twain National Forest

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## **Part I: The Business**

### **Purpose and Goals**

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As we proceed through our business careers, it is vital that we set goals for the future. Although this is difficult and time consuming, the final reward is worth the effort. As you fill in the following, be as realistic as you can. Answers you develop now will be the basis of your business plan.

*What is your purpose in pursuing this business?*

*Define your business goals for the next year and what you foresee five years from now.*

### **Description of the Business**

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This section should describe the nature and purpose of the company, background on its industry, and what opportunities you see for its products or services. It provides you with insights that allow you to better correlate the projections and estimates presented in subsequent sections.

*Brief description of the business.*

*Briefly describe your knowledge of this industry.*

*List the products and services you will provide.*

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## **Legal Structure**

There are several ways in which your business can be legally organized. To determine the best one for you and your organization, you need to seek competent legal and tax advice. To give you a general frame of reference, the more popular forms and their reasons for use are outlined in Part V, Appendices.

*How is your company legally organized?*

*Why is this legal organization most appropriate for your business?*

*Does your operation require a state registration number? YES \_\_\_\_\_ NO \_\_\_\_\_ If "Yes," please include a copy of the registration in the Supporting Documents.*

*Include any appropriate information, including shareholder or partnership agreements, in the Supporting Documents, and complete the following list of owners:*

<b>Name</b>	<b>Address</b>	<b>SSN</b>	<b>% Ownership</b>
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## **Location of Your Business**

Describe the planned geographical location of the business  
*Planned geographical location.*

*Discuss advantages or disadvantages of the site location.*



*Describe your approach to overcoming any problems.*

## **Market And Customers**

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Present sufficient facts to convince the evaluator that the product or service has a substantial market and can achieve sales in the face of competition.

*Describe your anticipated target market (e.g., age, income, hobbies, regional, national, international).*

*Describe the size of the current total market and potential annual growth.*

*Discuss your advertising campaign in terms of how, when, and where you will advertise, and estimated annual cost.*

## **Competitive Analysis**

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Each business has (or should have) a uniqueness that separates it from its competitors. Make a realistic assessment of the strengths and weaknesses of competitive products and services, and name the companies that supply them. Compare competing products or services on the basis of image, location, price, advertising, and other pertinent features. Discuss your three or four key competitors and explain why you think that you can capture a share of their business. Discuss what makes you think it will be easy or difficult to compete with them.

*Identify three or four of your key competitors.*

*Discuss their strengths and weaknesses.*

Compare your product or service on key areas. For each area of comparison rank yourself and your selected competitors on a scale of 1 (high) to 5 (low). Remember: no ties.

Area of Comparison	You	Competitors			
		A	B	C	D
Image					
Location					
Price					
Advertising					
Service					
Uniqueness					
Other					

Why do you think you can compete with your competitors and capture a share of the market?

## **Management**

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Your management team is the key to turning a good idea into a successful business.

*List owners and key management personnel and their primary duties. If any key individuals will not be onboard at the start of the venture, indicate when they will join the staff.*

*Discuss any experience when the above people have worked together that indicates how their skills complement each other and result in an effective management team.*

*List the advisors and consultants that you have selected for your venture. Capable, reputable, and well-known supporting organizations can not only provide significant direct and professional assistance, but also can add to the credibility of your venture.*

Accountant \_\_\_\_\_

Advertising \_\_\_\_\_

Others \_\_\_\_\_

### **Personnel**

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One of the key elements in any business is PEOPLE. List the number of employees you will have, as well as their job titles and required skills.

*Identify essential employees, their job titles, and required skills.*

*Discuss any training or retraining that you plan for your employees. Also, discuss any necessary first-aid certification or recertification, etc.*

## **Part II: Financial Data**

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### **Capital-Equipment List**

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This section will help you plan purchases of capital equipment needed to start your business. Capital equipment is defined as assets which have useful lives of more than one year. Examples include machines, equipment, vehicles, livestock, tack, gear, and computers. Describe the equipment, the quantity, whether new or used (N/U), the expected useful life, and the cost.

Equipment	Quantity	N/ U	Life	Cost
<b>Total Cost of Capital Equipment</b>				<b>\$</b> _____

## Start-Up Expenses

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Start-up expenses are the various costs it takes to open your doors for business. Some of these will be one-time expenditures, whereas others will occur every year.

Item	Cost
Total cost of capital equipment (from page 84)	\$ _____
Beginning inventory of operating supplies	_____
Legal & Accounting fees	_____
Licenses, permits, Bonds	_____
Other professional fees	_____
Insurance	_____
Deposits (public utilities, etc.)	_____
Advertising	_____
Other expenses:	_____
<b>Total Start-Up Expenses</b>	<b>\$</b> _____

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## Sources and Uses of Financing

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This section is another critical financial forecast. What will be the sources of your initial financing? The following step of how you will use this financing to buy the assets needed to open your doors for business is equally important, and will be of major interest.

**Note: This section will not be used if you own an existing business, unless you're planning a major refinancing and restructuring of your business.**

On the next page:

- ② Fill in the cash amounts to be invested by the various owners or shareholders.
- ② Fill in the market value of noncash assets to be invested by the various owners or shareholders. Examples include equipment, vehicles, and buildings.
- ② Fill in the loans to your business, both short-term (one year or less) and long-term.
- ② Fill in the amounts of cash used to buy various assets in the Uses of Financing section.
- ② Fill in the noncash assets contributed by the owner (same amounts in Sources of Financing).
- ② Estimate your "working capital" needs - that money which you'll need to pay operating expenses for the first few months of business operation until profits are realized. As an absolute minimum you should have three months of expense money in the bank. You should discuss this with your banker, and you may want to consider a pre-approved loan called a "line of credit," from which you draw funds only when you need to have them. **DON'T SKIP THIS!**
- ② Total both sections (Sources and Uses); they should be equal.

## Sources of Financing

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Investment of cash by owners	\$	_____
Investment of cash by shareholders		_____
Investment of noncash assets by owners		_____
Investment of noncash assets by shareholders		_____
Loans to business		_____
Other sources of financing (specify)		_____
_____		_____
_____		_____
<b>Total Sources of Financing</b>	<b>\$</b>	_____

## Uses of Financing

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Equipment	_____
Initial inventory	_____
Working capital to pay operation expenses	_____
Noncash assets contributed by owners (use same amount as in Sources, above)	_____
Other assets (specify)	_____
_____	_____

**Total Uses of Financing**

**\$**

## Monthly Cash Flow Projection

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The cash flow projection is the most important financial planning tool available to you. For a new or growing business, the cash flow projection can make the difference between success and failure. For an ongoing business, it can make the difference between growth and stagnation.

Your Cash Flow Projection will show you:

- ② how much cash your business will need; and when
- ② whether you should look for equity, debt, operating profits, or sale of fixed assets; and
- ② where the cash will come from.

The cash flow projection attempts to budget the cash needs of a business and shows how cash will flow in and out of the business over a stated period of time. Depreciation, a noncash expense, does not appear on a cash flow. Loan repayments (including interest), do. After it has been developed, use your cash flow projection as a budget. Use the Cash Flow Projection chart on the next page to avoid omitting ordinary cash flow items; add items peculiar to your business.

### Cash Flow Projection (or Cash Flow Budget) by Month: Year One

[illegible]

## Start-Up Balance Sheet

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Balance sheets are designed to show how the assets, liabilities, and net worth of a company are distributed at a given point in time. The format is standardized to facilitate analysis and comparison; do not deviate from it.

Balance sheets for all companies, great and small, contain the same categories, arranged in the same order. The difference is one of detail. A sample balance sheet follows.

**Name of the Business**  
**Date (month, day, year)**  
**Balance Sheet**

**Assets**

Current Assets		\$	_____
Fixed Assets	\$	_____	
Less Accumulated Depreciation	\$	_____	
Net Fixed Assets		\$	_____
Other Assets		\$	_____
<b>Total Assets</b>		\$	_____

Footnotes:

**Liabilities**

Current Liabilities	\$	_____
Long-Term Liabilities	\$	_____
<b>Total Liabilities</b>	\$	_____

**Net Worth or Owner's Equity**

(Total assets minus total liabilities)

<b>Total Liabilities and Net Worth</b>	\$	_____
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Footnotes:

<b>Part III: Historical Financial Reports for Existing Business</b>
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- \_\_\_ Balance sheet (past three years)
- \_\_\_ Income statement (past three years)
- \_\_\_ Tax returns (past three years)
- \_\_\_ Current credit report from major credit bureau

<b>Part IV: Supporting Documents</b>
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1. Personal résumés of business owners, officers, and partners
2. Personal financial statements of business owners, officers, and partners
3. Bank or investor letters of intent to finance project
4. Copies of business leases pertinent to this business
5. Copies of all pertinent existing permits or licenses applicable to this business